



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE STATE BUDGET  
LANSING

ROBERT L. EMERSON  
DIRECTOR

January 5, 2007

The Honorable Ron Jelinek, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48901

House Appropriations, Chair  
c/o Andy Dillon, Speaker of the House  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the months ending October 31, 2006 and November 30, 2006. This report is submitted pursuant to MCL 18.1386. These reports can also be found on the Internet at the following address:

[www.michigan.gov/budget](http://www.michigan.gov/budget) under "Financial Reports."

If you have questions concerning the information in this report, please contact this office.

Sincerely,

A handwritten signature in cursive script, reading "Robert L. Emerson".

Robert L. Emerson  
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm  
Mike Bishop, Senate Majority Leader  
Andy Dillon, Speaker of the House  
Mark Schauer, Senate Minority Leader  
Craig DeRoche, House Minority Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Nancy Cassis, Chair, Senate  
Finance Committee

Chair, House Tax Policy Committee  
Mary A. Lannoye, Executive Office  
Tim Hughes, Executive Office  
Senate Fiscal Agency  
House Fiscal Agency  
Mike Moody, Financial Management  
Nancy Duncan, Deputy Director  
State Budget Office  
Internal Office of the State Budget  
Distribution

GENERAL FUND, GENERAL PURPOSE  
Fiscal Year 2007  
Projected Revenues and Expenditures  
November 30, 2006  
(\$ in millions)

	FISCAL 2007
<b>Beginning Balance, October 1, 2006</b>	<b>\$ 109.6 <sup>1</sup></b>
<b>Revenues, Current Law:</b>	
<b>Current Year GF/GP Revenues, May 2006 Consensus Estimate</b>	<b>\$ 8,435.4</b>
<b>Adjustments to Consensus Baseline:</b>	
<b>Additional Revenue Adjustments:</b>	
Revenue Sharing Freeze (PA 437 of 2006 and May 2006 Consensus)	\$ 387.0
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 198.0
Non-Use of SBT Pharmaceutical Credit	\$ 10.0
Financial Institutions Fund Revenue Deposit to GF	\$ 2.8
Interest Earnings - Tobacco Securitization (PA 226 of 2005)	\$ 15.0
Charge School Aid Fund for Short Term Borrowing Costs	\$ 22.8
Liquor Purchase Revolving Fund Revenue Deposit to GF	\$ 4.0
Consumer Finance Fee Revenue Deposit to GF	\$ 7.0
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 646.6</b>
<b>Anticipated Revenue Adjustments:</b>	
Land Sales (including PA 179 of 2006)	\$ 28.0
Liquor License/Penalties	\$ 3.5
<b>Subtotal Anticipated Revenue Adjustments</b>	<b>\$ 31.5</b>
<b>Total FY Resources Available For Expenditure GF/GP</b>	<b>9,223.1</b>
<b>Expenditures, Current Law:</b>	
Enacted Post Vetoes	\$ 9,222.8
<b>Total Expenditures Projected</b>	<b>\$ 9,222.8</b>
<b>Projected Ending Balance, September 30, 2006</b>	<b>\$ 0.3 <sup>1</sup></b>

<sup>1</sup> Subsequent to the date of this report, the State of Michigan is in the process of determining final accounting transactions for the fiscal year ending September 30, 2006. Final carryforward revenue amounts, which are expected to be substantially less than the amounts in this report, will be included in the Comprehensive Annual Financial Report to be published prior to March 31, 2007.

# OFFICIAL BALANCE SHEET

## SCHOOL AID FUND Fiscal Year 2007 Projected Revenues and Expenditures November 30, 2006 (\$ in millions)

	FISCAL 2007	
Beginning Balance, October 1, 2006	\$ 95.3	<sup>1</sup>
Current Year School Aid Fund Revenues, May 2006 Consensus	\$ 11,552.4	
General Fund Subsidy	\$ 35.0	
Federal Aid	\$ 1,411.2	
Total Available SAF Resources	\$ 13,093.9	
Expenditures		
Enacted Appropriations PA 155 of 2005	\$ 13,093.7	
Adjusted Appropriations	\$ 13,093.7	
Projected School Aid Fund Ending Balance September 30, 2007	\$ 0.2	

<sup>1</sup> Subsequent to the date of this report, the State of Michigan is in the process of determining final accounting transactions for the fiscal year ending September 30, 2006. Final carryforward revenue amounts, which are expected to be substantially less than the amounts in this report, will be included in the Comprehensive Annual Financial Report to be published prior to March 31, 2007.



# SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

November 30, 2006

(\$ IN MILLIONS)

FISCAL YEAR 2005-06

FISCAL YEAR 2006-07

November 2005	Yr-to-date 2005-06	Fiscal Yr end SEP 30, 2006	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc November 2006	Exp & Enc Yr-to-date 2006-07
9.1	14.7	85.3	Agriculture	113.6	-0-	13.4	21.5
5.6	7.3	60.0	Attorney General	67.6	-0-	8.1	10.0
1.3	1.7	16.1	Auditor General	16.3	-0-	2.0	2.4
25.8	47.5	14.8	Capital Outlay**	237.8	-0-	18.6	54.1
1.2	1.5	13.4	Civil Rights	14.0	-0-	1.6	2.0
2.0	2.9	27.3	Civil Service	36.5	-0-	2.7	3.6
193.5	359.4	1,858.2	Colleges & Universities	1,924.6	-0-	165.7	371.3
745.2	1,725.5	9,518.5	Community Health	11,020.4	1.2	856.3	1,894.5
136.8	243.8	1,800.6	Corrections	1,921.1	-0-	202.8	309.4
3.7	14.1	65.2	Education	90.6	-0-	5.7	10.2
12.9	16.5	174.6	Environmental Quality	333.7	-0-	19.2	23.7
0.5	0.6	5.3	Executive Office	5.5	-0-	0.6	0.8
5.1	7.4	49.6	History, Arts & Library	54.9	-0-	4.0	8.7
292.7	672.1	4,148.3	Human Services	4,463.6	-0-	355.0	752.3
-0-	-0-	-0-	Information Technology	-0-	-0-	-0-	-0-
15.8	19.8	205.7	Judiciary	259.4	-0-	13.3	26.5
55.9	76.8	718.8	Labor & Economic Growth	856.3	29.8	68.8	97.7
9.7	15.7	121.0	Legislature	116.6	-0-	13.1	20.5
14.5	27.1	161.5	Management & Budget	175.1	1.9	14.7	32.3
-0-	7.5	32.9	Michigan Strategic Fund	32.0	-0-	-0-	7.6
9.9	18.9	109.3	Military Affairs	116.4	-0-	11.0	20.5
10.2	10.6	77.6	Natural Resources	101.4	-0-	4.9	4.7
-0-	-0-	-0-	School Aid	-0-	-0-	-0-	-0-
24.6	39.5	257.3	State	204.8	-0-	21.3	38.3
37.0	53.1	464.0	State Police	569.3	0.2	45.0	57.4
-0-	-0-	-0-	Transportation	-0-	-0-	-0-	-0-
28.0	363.8	3,101.8	Treasury	1,530.9	57.2	49.1	302.3
<b>\$1,641.0</b>	<b>\$3,747.8</b>	<b>\$23,087.1</b>		<b>\$24,262.3</b>	<b>\$90.3</b>	<b>\$1,896.9</b>	<b>\$4,072.3</b>

\*Includes boilerplate appropriations.

\*\*Includes State Building Authority appropriated in Management and Budget.

# ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2007  
November, 2006  
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,162.3	0.0	16,162.3
Total state spending from state resources	28,024.2	0.0	28,024.2
Percentage of state spending from state resources paid to local units	57.67%		57.67%
Required payments to local units (48.97%)	13,723.5		13,723.5
Surplus/(deficit)	<u>\$2,438.8</u>		<u>\$2,438.8</u>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
OCTOBER 1, 2006 THROUGH NOVEMBER 31, 2006  
(in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
Miscellaneous	-
	<hr/>
Total Revenues	-

**EXPENDITURES**

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	-
	<hr/>
Total Expenditures	-
	<hr/>
Excess of Revenues over (under)	
Expenditures	-

**OTHER FINANCING SOURCES (USES)**

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	-
	<hr/>
Total operating transfers from other funds	-
Operating transfers to other funds	-
	<hr/>
Total Other Financing Sources (Uses)	-
	<hr/>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	\$ - <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES**  
**MICHIGAN STRATEGIC FUND**  
OCTOBER 1, 2006 THROUGH NOVEMBER 30, 2006  
(in thousands)

**OPERATING REVENUES**

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	377
Other	-
Total miscellaneous	<u>377</u>
Total Operating Revenues	<u>377</u>

**OPERATING EXPENSES**

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	121
Total other operating expenses	<u>121</u>
Total Operating Expenses	<u>121</u>
Operating Income (Loss)	<u>256</u>

**NONOPERATING REVENUES (EXPENSES)**

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>256</u>

**OPERATING TRANSFERS**

Operating transfers from primary government	-
Operating transfers to primary government	-
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 256 <sup>1</sup></u>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.



STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
OCTOBER 1, 2006 THROUGH NOVEMBER 30, 2006  
(in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>12,402</u>
Total Revenues	<u>12,402</u>

**EXPENDITURES**

Current:	
General government	-
Conservation, environment, recreation, and agriculture	369
Capital outlay	<u>(2,059)</u>
Total Expenditures	<u>(1,691)</u>
Excess of Revenues over (under) Expenditures	<u>14,093</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 14,093</u> <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

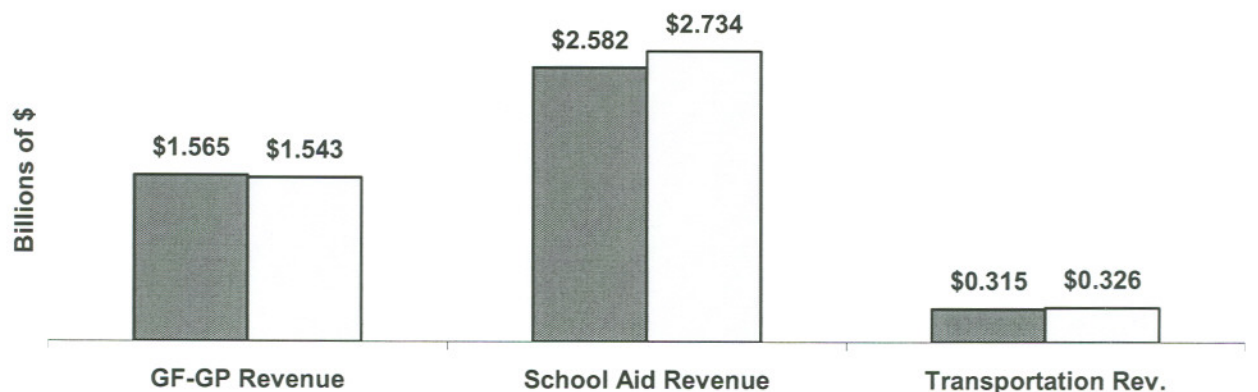
**REVENUE OVERVIEW**  
Economic and Revenue Forecasting Division  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for November 2006, representing some October and some November economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$24.8 million (3.5 percent) lower in November 2006 than in November 2005. The decrease is due in part to the timing of single business tax collections. November School Aid Fund cash collections were \$53.7 million (5.6 percent) higher than in November 2005. November transportation collections were \$8.4 million (5.4 percent) higher than in November 2005 (see revenue table). November is the second month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$21.9 million (1.4 percent) from a year ago. School Aid Fund cash collections are up \$152.6 million (5.9 percent), and transportation collections are up \$10.8 million (3.4 percent).

The FY 2006-2007 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on May 17, 2006. The Consensus estimate for net General Fund - General Purpose revenue for FY 2006-2007 is \$8,435.4 million and the net School Aid revenue forecast is \$11,552.4 million. The Transportation Funds revenue forecast is \$2,313.0 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held in January 2007.

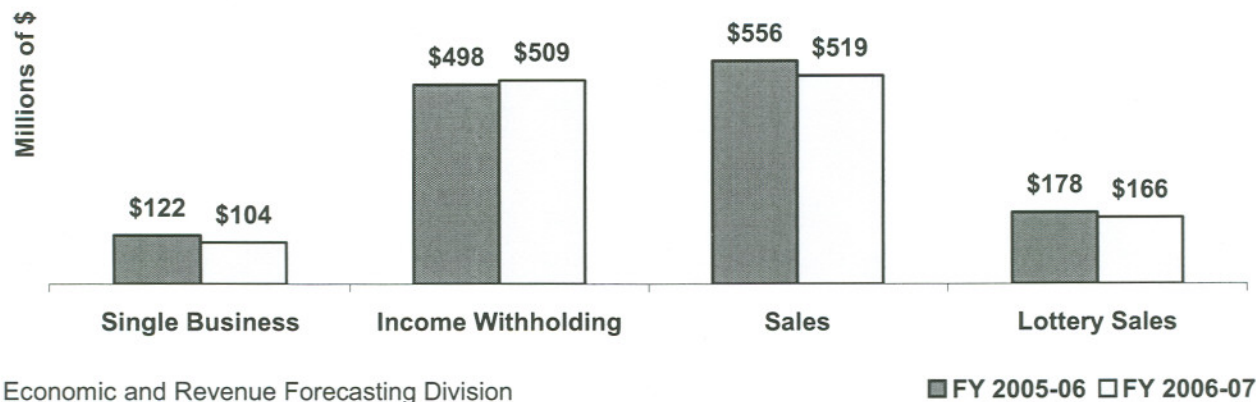
**October through November Collections  
Fiscal Years 2005-06 and 2006-07**



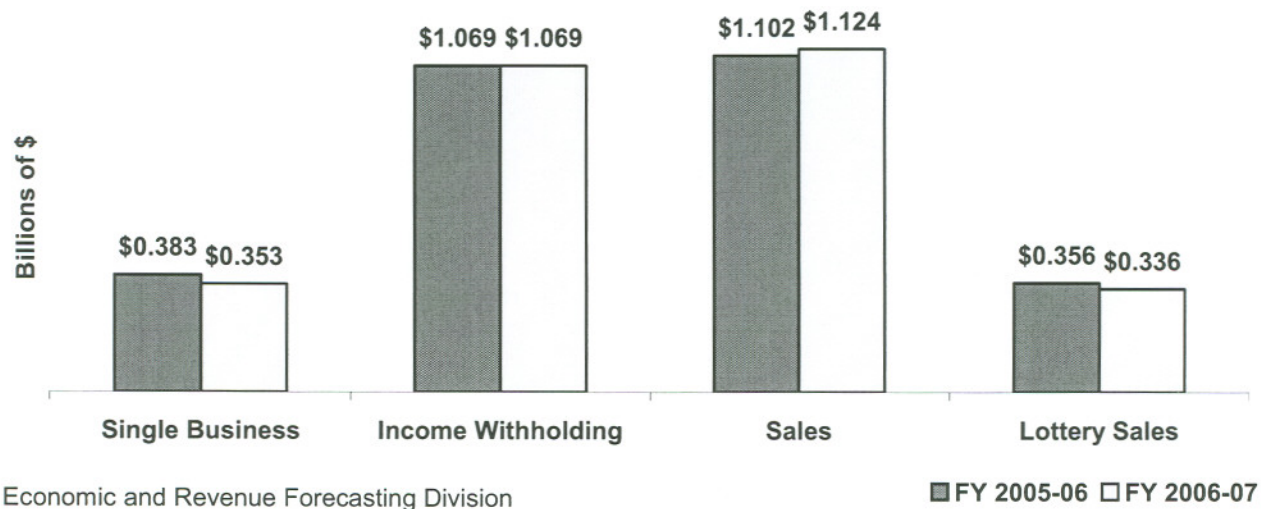
Economic and Revenue Forecasting Division

■ FY 2005-06 □ FY 2006-07

### November Revenue Collections Fiscal Years 2005-06 and 2006-07



### October through November Collections Fiscal Years 2005-06 and 2006-07





**Revenue Summary 2006-07**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: November 30, 2006**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2005-2006	2006-2007	2006-2007
2005	2006	Amount	Percent		2005-06	2006-07	Amount	Percent	May 2006 Consensus (e)	Statutory Estimate	May 2006 Consensus
Income Taxes											
\$497,879	\$509,118	\$11,239	2.3%	Withholding	\$1,068,875	\$1,069,212	\$337	0.0%	\$6,516,600	\$6,670,000	\$6,670,000
5,091	4,784	(307)	-6.0%	Quarterlies	14,121	15,267	1,146	8.1%	722,000	754,000	754,000
8,655	9,848	1,192	13.8%	Annuals	29,722	40,341	10,619	35.7%	695,100	719,900	719,900
511,625	523,750	12,125	2.4%	Gross Collections	1,112,717	1,124,820	12,103	1.1%	\$7,933,700	\$8,143,900	\$8,143,900
18,990	24,426	5,436	28.6%	Less: Refunds	46,611	63,235	16,624	35.7%	1,679,000	1,758,000	1,758,000
0	0	0	na	State Campaign Fund	0	0	0	na	1,500	1,500	1,500
492,635	499,324	6,689	1.4%	Net Personal Income	1,066,107	1,061,585	(4,522)	-0.4%	\$6,253,200	\$6,384,400	\$6,384,400
133,022	136,175	3,152	2.4%	Less: Disbursements to SAF	289,306	292,453	3,147	1.1%	\$2,058,800	\$2,113,200	\$2,113,200
\$359,613	\$363,149	\$3,536	1.0%	NET PERSONAL INCOME TO GF-GP	\$776,800	\$769,132	(\$7,669)	-1.0%	\$4,194,400	\$4,271,200	\$4,271,200
Consumption Taxes											
\$7,807	\$5,810	(\$1,997)	-25.6%	Sales (a)	\$15,357	\$13,721	(\$1,637)	-10.7%	\$106,200	\$113,300	\$113,300
73,205	76,441	3,236	4.4%	Use	152,826	168,849	16,023	10.5%	941,100	978,400	978,400
9,735	19,376	9,641	99.0%	Tobacco	20,152	38,215	18,064	89.6%	235,300	231,400	231,400
3,995	3,774	(221)	-5.5%	Beer, Wine & Mixed Spirits	8,006	7,740	(266)	-3.3%	52,000	52,000	52,000
2,647	2,842	196	7.4%	Liquor Specific	2,667	2,913	246	9.2%	34,000	34,500	34,500
\$97,388	\$108,243	\$10,855	11.1%	TOTAL CONSUMPTION TAXES	\$199,008	\$231,437	\$32,429	16.3%	\$1,368,600	\$1,409,600	\$1,409,600
Other Taxes											
\$122,178	\$104,356	(\$17,822)	-14.6%	Single Business	\$382,612	\$352,942	(\$29,670)	-7.8%	\$1,852,900	\$1,885,900	\$1,885,900
26,928	20,139	(6,789)	-25.2%	Insurance Premiums Taxes	55,238	53,121	(2,117)	-3.8%	235,000	246,000	246,000
149,107	124,495	(24,612)	-16.5%	Sub-total SBT & Insurance	437,849	406,062	(31,787)	-7.3%	2,087,900	2,131,900	2,131,900
175	53	(123)	-69.9%	Inheritance / Estate	431	100	(330)	-76.7%	1,000	0	0
45,769	39,096	(6,673)	-14.6%	Telephone & Telegraph	45,809	39,541	(6,268)	-13.7%	83,000	80,000	80,000
10,124	4,980	(5,145)	-50.8%	Oil & Gas Severance	17,602	10,672	(6,931)	-39.4%	94,000	76,000	76,000
7,140	7,391	251	3.5%	Casino Wagering	7,373	7,391	18	0.2%	44,100	45,000	45,000
11,229	7,546	(3,683)	-32.8%	Penalties & Interest	24,921	21,785	(3,135)	-12.6%	146,700	153,400	153,400
64	(26)	(90)	na	Miscellaneous Other/Railroad	85	(6)	(91)	na	0	0	0
(7,667)	(7,667)	0	0.0%	Treasury Enforcement Programs (f)	(15,333)	(15,333)	0	0.0%	(92,000)	(92,000)	(92,000)
\$215,941	\$175,867	(\$40,074)	-18.6%	TOTAL OTHER TAXES	\$518,737	\$470,212	(\$48,525)	-9.4%	\$2,364,700	\$2,394,300	\$2,394,300
\$672,942	\$647,259	(\$25,683)	-3.8%	SUBTOTAL GF-GP TAXES	\$1,494,545	\$1,470,781	(\$23,764)	-1.6%	\$7,927,600	\$8,075,200	\$8,075,200

continued

**Revenue Summary 2006-07**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: November 30, 2006**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2005-2006	2006-2007	2006-2007
2005	2006	Amount	Percent		2005-06	2006-07	Amount	Percent	May 2006	Statutory	May 2006
Consensus (e)EstimateConsensus											
Non-Tax Revenue (f)											
\$2,917	\$2,917	\$0	0.0%	Federal Aid	\$5,833	\$5,833	\$0	0.0%	\$35,000	\$35,000	\$35,000
167	167	0	0.0%	Local Agencies	333	333	0	0.0%	2,000	2,000	2,000
1,500	1,500	0	0.0%	Services	3,000	3,000	0	0.0%	18,000	18,000	18,000
2,833	2,833	0	0.0%	Licenses & Permits	5,667	5,667	0	0.0%	34,000	34,000	34,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	(70,000)	(75,000)	(75,000)
12,050	12,808	758	6.3%	Misc. Non-tax Revenue	24,100	25,617	1,517	6.3%	144,600	153,700	153,700
11,667	11,833	167	1.4%	Liquor Purchase Revolving Fund	23,333	23,667	333	1.4%	140,000	142,000	142,000
4,208	4,208	0	0.0%	From Other Funds-Lottery & Escheats	8,417	8,417	0	0.0%	50,500	50,500	50,500
\$35,342	\$36,267	\$925	2.6%	TOTAL NON-TAX REVENUE	\$70,683	\$72,533	\$1,850	2.6%	\$354,100	\$360,200	\$360,200
\$708,284	\$683,526	(\$24,758)	-3.5%	TOTAL GF-GP REVENUE	\$1,565,228	\$1,543,314	(\$21,914)	-1.4%	\$8,281,700	\$8,435,400	\$8,435,400
School Aid Fund											
\$227,280	\$212,466	(\$14,814)	-6.5%	Sales Tax 4%	\$450,390	\$458,983	\$8,593	1.9%	2,738,800	2,838,100	2,838,100
177,516	165,166	(12,350)	-7.0%	Sales Tax 2%	351,572	358,713	7,141	2.0%	2,144,900	2,228,600	2,228,600
36,602	38,220	1,618	4.4%	Use Tax 2%	76,413	84,425	8,011	10.5%	470,500	489,200	489,200
232,955	295,264	62,309	26.7%	State Education Property Tax	1,157,349	1,282,786	125,436	10.8%	2,010,000	2,116,000	2,116,000
27,391	19,658	(7,733)	-28.2%	Real Estate Transfer Tax	55,712	41,527	(14,186)	-25.5%	320,000	311,000	311,000
55,000	73,017	18,017	32.8%	Lottery Transfer (b)	55,000	73,017	18,017	32.8%	708,500	712,000	712,000
16,523	17,104	581	3.5%	Casino Wagering Tax	17,062	17,104	42	0.2%	102,000	104,100	104,100
2,636	2,802	166	6.3%	Liquor Excise Tax	2,636	2,802	166	6.3%	34,000	34,500	34,500
39,035	39,335	300	0.8%	Cigarette/Tobacco Tax	80,806	77,583	(3,223)	-4.0%	473,300	463,800	463,800
6,440	8,319	1,879	29.2%	Indus. & Comm. Facilities Taxes	44,040	42,857	(1,183)	-2.7%	123,000	128,000	128,000
738	1,287	549	74.4%	Specific Other	1,266	1,880	614	48.5%	14,100	14,100	14,100
133,022	136,175	3,152	2.4%	Income Tax Earmarking	289,306	292,453	3,147	1.1%	\$2,058,800	\$2,113,200	\$2,113,200
\$955,138	\$1,008,813	\$53,675	5.6%	TOTAL SCHOOL AID FUND	\$2,581,554	\$2,734,130	\$152,576	5.9%	\$11,198,000	\$11,552,400	\$11,552,400
\$556,316	\$519,276	(\$37,039)	-6.7%	SALES TAX 6%	\$1,102,222	\$1,123,685	\$21,463	1.9%	\$6,709,600	\$6,958,700	\$6,958,700
378,799	354,110	(24,689)	-6.5%	SALES TAX 4%(d)	750,650	764,972	14,322	1.9%	4,564,700	4,730,100	4,730,100
177,516	165,166	(12,350)	-7.0%	SALES TAX 2%	351,572	358,713	7,141	2.0%	2,144,900	2,228,600	2,228,600
109,807	114,661	4,854	4.4%	USE TAX 6%	229,239	253,274	24,034	10.5%	1,411,600	1,467,600	1,467,600
24,682	25,551	868	3.5%	CASINO WAGERING TAX	25,488	25,551	63	0.2%	152,400	155,500	155,500
96,383	97,365	982	1.0%	TOBACCO TAXES	199,520	192,037	(7,483)	-3.8%	1,179,500	1,158,900	1,158,900
0	0	0	na	TOBACCO SETTLEMENT	3,116	0	(3,116)	-100.0%	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued



**Revenue Summary 2006-07**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: November 30, 2006**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2005-2006	2006-2007	2006-2007
2005	2006	Amount	Percent		2005-06	2006-07	Amount	Percent	May 2006	Statutory	May 2006
Consensus (e)EstimateConsensus											
Major Transportation Revenues											
\$9,969	\$12,728	\$2,759	27.7%	Diesel Fuel / Motor Carrier Fuel Tax (g)	\$23,168	\$25,007	\$1,839	7.9%	\$153,000	\$156,000	\$156,000
76,930	79,345	2,416	3.1%	Gasoline	150,020	150,939	919	0.6%	918,000	928,000	928,000
59,650	60,003	352	0.6%	Motor Vehicle Registration	123,550	126,841	3,291	2.7%	892,000	927,000	927,000
3,683	4,105	422	11.5%	Other Taxes, Fees & Misc.	6,955	6,815	(139)	-2.0%	207,719	204,722	204,722
5,654	8,105	2,451	43.4%	Comprehensive Transportation (c)	11,309	16,211	4,902	43.4%	67,751	97,265	97,265
\$155,886	\$164,286	\$8,400	5.4%	TOTAL MAJOR TRANS. REVENUES	\$315,001	\$325,814	\$10,813	3.4%	\$2,238,470	\$2,312,987	\$2,312,987
Lottery Sales By Games											
52,499	55,185	2,686	5.1%	Instant Games	111,210	110,809	(401)	-0.4%	na	na	na
52,213	53,270	1,057	2.0%	Daily Games	108,234	108,675	442	0.4%	na	na	na
38,165	18,037	(20,127)	-52.7%	Lotto and Big Game	65,339	36,340	(28,999)	-44.4%	na	na	na
1,080	1,098	18	1.7%	Keno Game	2,267	2,270	3	0.1%	na	na	na
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na
34,458	38,182	3,723	10.8%	Club Games	68,659	77,774	9,115	13.3%	na	na	na
\$178,415	\$165,772	(\$12,643)	-7.1%	TOTAL LOTTERY SALES	\$355,710	\$335,869	(\$19,841)	-5.6%	na	na	na

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

d 2% collections adjusted to reflect exemption on residential utilities.

e Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

f Non-tax revenue items other than interest are estimates.

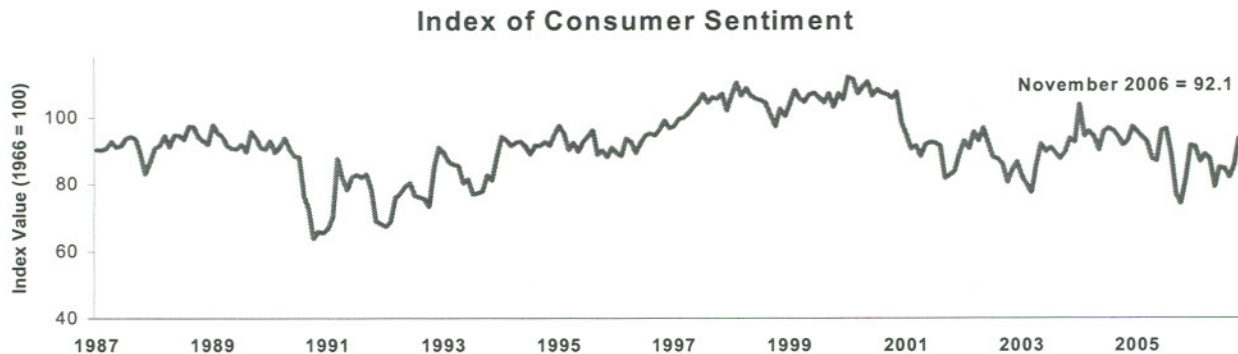
g Starting in January 2005, totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 92.1 in November, 1.5 index-points below the October value but 10.5 index-points above November 2005. On the economic outlook, Survey director Richard Curtin reported, "The survey data supports the view that consumers will remain the engine of economic growth, and their consumption spending will help offset any weaknesses in residential investment. The key economic elements supporting this forecast are favorable trends in wages and job prospects as well as declining inflation and unchanged interest rates." Curtin noted, "Although references to declines in home prices were widespread, consumers were still somewhat reluctant to buy since they are uncertain about how much and for how long home prices will continue to decline. Vehicle buying attitudes were more favorable than any time during the past year, but consumers reported that their buying plans were contingent on the availability of deep discounts." Curtin observed risks to the forecast, "One set of risks involves the lack of flexibility in household budgets given the record high debt levels, record low savings, and declines in home prices. The second set of risks involves the potential for higher inflation and interest rates, and lower wages and employment growth." In November, consumers in one of the four regions reported an increase in confidence. Western consumers reported an increase in confidence of 5.4 index-points. Northeastern consumers reported the largest decrease in confidence of 6.2 index points. The gap across regions decreased from last month to 15.0 index-points, with Western consumers on top and Northeastern consumers on the bottom.

The preliminary estimate of real **Gross Domestic Product** for the third quarter of 2006 is \$11,450.5 billion (chained 2000 dollars), an increase of 2.2 percent at an annual rate. In the second quarter of 2006, real gross domestic product increased 2.6 percent. Personal consumption expenditures, exports, equipment and software, nonresidential structures, and state and local government spending led third quarter growth. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.9 percent in the third quarter compared to an increase of 2.6 percent in the second quarter. Real residential fixed investment decreased 18.0 percent in the third quarter compared to a decrease of 11.1 percent in the second quarter. Real nonresidential fixed investment increased 10.0 percent in the third quarter led by increased investment in nonresidential structures of 16.7 percent and growth in equipment and software of 7.2 percent. Real federal government expenditures increased 1.5 percent in the third quarter, compared to a decrease of 4.5 percent in the second quarter. Real state and local government spending increased 2.6 percent in the third quarter, compared to a 4.0 percent increase in the second quarter. Exports of goods and services

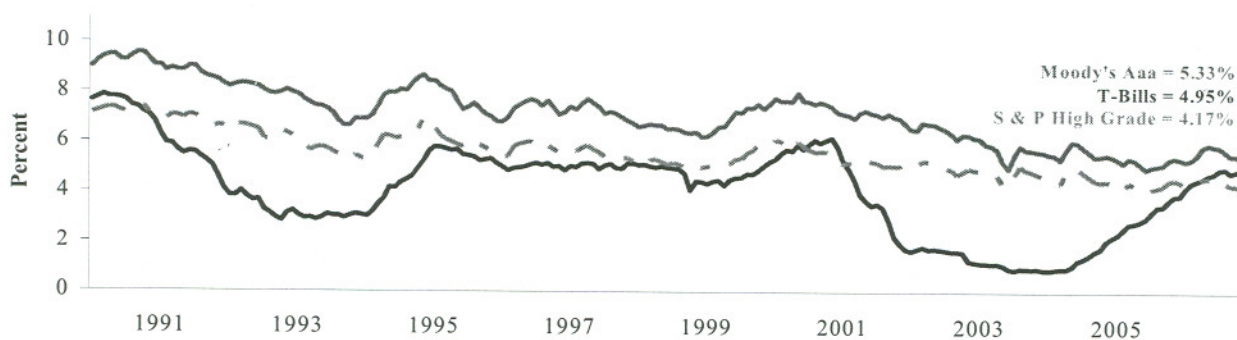


increased 6.3 percent in the third quarter, compared to a 6.2 percent increase in the second quarter. Imports increased 5.3 percent in the third quarter compared to an increase of 1.4 percent in the second quarter. Private inventory investment increased \$58.0 billion in the third quarter, up from a \$53.7 billion increase in the second quarter. Real final sales increased 2.1 percent in the third quarter unchanged compared to the second quarter. On the inflation front, the **implicit price deflator** increased at a 1.7 percent annual rate in the third quarter, compared to a 3.3 percent increase observed in the second quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), remained unchanged in November, up from a 0.5 percent decrease recorded in October. Energy decreased by 0.2 percent in November; compared to a 7.0 percent decrease in October, while the all-items less food and energy component remained unchanged. For the six months since May, the all-items index decreased at a 0.2 percent annual rate.

Compared to November 2005, the all-items index increased 2.0 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.3 percent; housing, 3.0 percent; medical care, 3.7 percent; apparel, 0.2 percent; recreation, 1.3 percent; education and communication, 2.4 percent; and other goods and services, 2.6 percent, with tobacco prices up 1.6 percent; the unadjusted decreases were: transportation 1.0 percent, with gasoline prices down 4.2 percent.

**Selected Key Interest Rates**

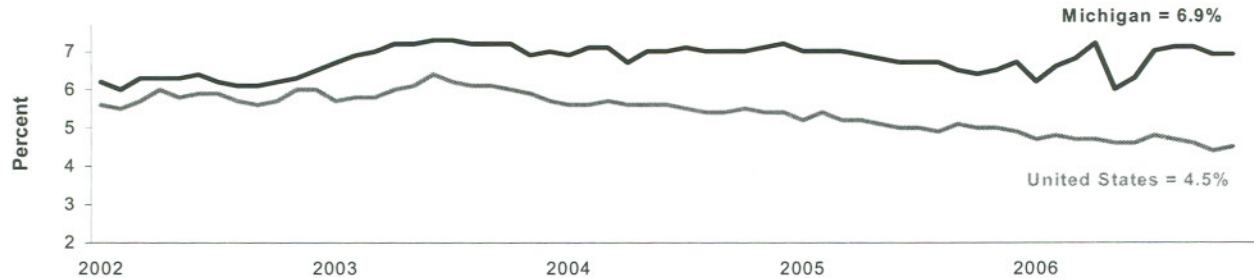


Source: Economic Indicators

Short-term **interest rates** increased 0.06 percentage points in November as the 3-month Treasury bill (T-bill) rate averaged 4.95 percent. Compared to one year ago, the T-bill rate is up 1.07 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.18 percentage points to an interest yield of 5.33 percent in November. Compared to one year ago, the Aaa bond yield is down 0.09 percentage points. The interest rate on High-grade municipal bonds decreased 0.15 percentage points to 4.17 percent in November, and stands 0.36 percentage points below its year ago level. The Federal Open Market Committee (FOMC) kept the federal funds rate unchanged at its December 12<sup>th</sup> meeting at 5.25 percent. The FOMC stated that, "Readings on core inflation have been elevated, and the high level of resource utilization has the potential to sustain inflation pressures. However, inflation pressures seem likely to moderate over time." The committee, "judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

In November, the **U. S. unemployment rate** increased 0.1 percentage points from a month ago to 4.5 percent but was down 0.5 percentage points from one year ago. Civilian employment totaled 145.6 million persons in November, up 0.3 million from October. The number of unemployed was 6.8 million nationwide.

#### Unemployment Rates 2002 - 2006



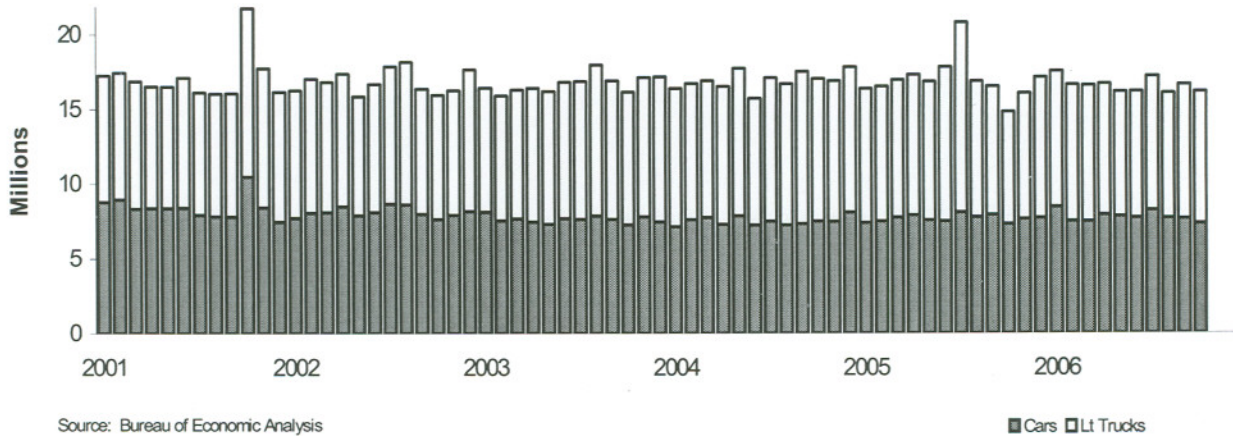
Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In November, the **Michigan jobless rate** remained unchanged at 6.9 percent. Compared to a year ago, Michigan's jobless rate was 0.4 percentage points higher. From a month ago, the labor force decreased by 30,000 to 5,080,000, while the number of people employed decreased by 28,000 to 4,731,000. In November, there were 350,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors.



## Motor Vehicle Sector

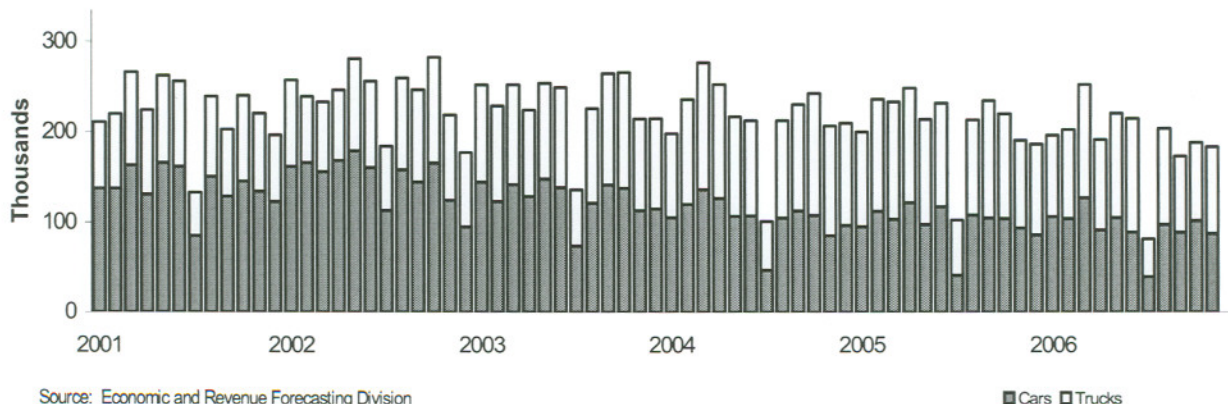
### U. S. Light Vehicle Sales



**U. S. light vehicle sales** (cars + light trucks) decreased 0.1 million units in November compared to last month, selling at a 16.0 million unit seasonally adjusted annual rate. Domestic car sales decreased 0.1 percent while domestic light truck sales decreased 1.2 percent. Import car sales increased 3.5 percent while import light truck sales decreased 6.2 percent. Compared to last year, light vehicle sales decreased 0.1 percent. Domestic car sales were down 8.3 percent while domestic light truck sales decreased 0.7 percent. Import car sales were up 10.9 percent while import truck sales rose 22.6 percent from last year. As a result, the domestic share decreased 3.1 percentage points from a year ago. For fiscal year 2007 year-to-date, domestic light vehicles have recorded a 76.5 percent share of a 16.1 million-unit market.

**Michigan motor vehicle production** decreased to 183,774 units in November. From a year ago, motor vehicle production decreased 4 percent in Michigan and fell 20 percent nationally. In November, Michigan's car production was 87,693 units while the state's truck production was 96,081 units. Compared with a year ago, car production decreased 7 percent in Michigan but fell 11 percent nationwide. The state's truck production decreased 1 percent while national truck production fell 24 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

### Michigan Motor Vehicle Production





**Summary Estimates of the Constitutional Revenue Limit  
Based on the May 17, 2006 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2004-2005 Actual</b>	<b>Fiscal Year 2005-2006 Actual</b>	<b>Fiscal Year 2006-2007 Estimate</b>
Applicable Calendar Year Personal Income	\$314,460	\$324,134	\$335,164
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$29,842.3	\$30,760.3	\$31,807.1
Revenue Limit	\$29,842.3	\$30,760.3	\$31,807.1
State Revenue Subject to Limit	\$25,626.8	\$26,211.0	\$27,121.1
<b>Amount Under (Over) Limit</b>	<b>\$4,215.5</b>	<b>\$4,549.3</b>	<b>\$4,686.0</b>

Sources:

Personal Income Estimate

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

The FY 2005-06 calculation uses the official personal income estimate for calendar year 2004 (Survey of Current Business, October 2005).

The FY 2006-07 calculation uses the May 17, 2006 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2004-05 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2005.

The FY 2005-06 calculation uses the May 17, 2006 Consensus Revenue Agreement.

The FY 2006-07 calculation uses the May 17, 2006 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury